

most of the wheat grown was of a Tuscan variety, farmers would probably have found a difficulty in disposing of it at exceeding 6s. 4d., the minimum guaranteed by the Government. Furthermore, the price at which Australian wheat could be landed in Auckland (approximately 6s. 5d.) would have determined in a free market the price of New Zealand wheat f.o.b. Lyttelton, for clearly the southern millers could not have afforded to have given, under open-market conditions, more than the equivalent of this price f.o.b. southern ports and have competed successfully with the Auckland millers in the disposal of their flour. On the assumption that the Australian wheat could be landed in Auckland at 6s. 5d., the equivalent price f.o.b. southern ports for New Zealand wheat would not have exceeded 5s. 11d. to 6s. 1d., according as to whether the Auckland purchasers were able to buy over line or through store. If purchases could be made over line the price of southern wheat would not have exceeded 5s. 11d., if through store 6s. 1d. If allowance is made for the duty on Australian wheat it would raise the New Zealand price by approximately 6d.; therefore it is clear that the Government paid the New Zealand farmer the full market value for his wheat.

#### FLOUR AND BREAD.

The fact that wheat-prices rose, in comparison with last year, by 8d. per bushel necessitated an adjustment of flour and bread prices. Consequently, in February, 1919, the Board reported to the Government as follows:—

“(1.) The decision of the Government to pay the farmer 6s. 6d. per bushel for good milling-wheat for the current season raises the price of wheat to the miller by 8d. per bushel, as last year's price was 5s. 10d. per bushel.

“(2.) Bran and pollard, being by-products necessarily created during the process of milling, a reasonable price for flour can only be determined after taking into consideration the prices obtainable for the by-products.

“(3.) Assume that on the average 48 bushels of wheat produce 2,000 lb. of flour, 500 lb. of bran, 300 lb. of pollard, 80 lb. of waste: then on last year's prices as fixed by *Gazette* of the 16th April, 1918, the miller obtained for his manufactured products the following gross return per 48 bushel of wheat:—

	£	s.	d.	
2,000 lb. flour .. .. .	15	10	0	(f.o.b. South)
500 lb. bran at £5 10s. per ton .. .. .	1	7	6	
300 lb. pollard at £7 10s. per ton .. .. .	1	2	6	
	18	0	0	
Less 2½ per cent. discount .. .. .	0	9	0	
	£17	11	0	

“(4.) It is assumed that the prices fixed last year were reasonable; and this year the following increase must be faced:—

	£	s.	d.	
(a.) Increase in price of wheat, 8d. per bushel .. .. .	1	12	0	per ton.
(b.) Increase in price of sacks, from 10½d. to 1s. 5d.—fifteen sacks being required per ton of manufactured product .. .. .	0	8	2	
“ In addition to these items, which are certain, the millers claim—				
(c.) Increase in wages and salaries payable by miller .. .. .	0	5	0	
(d.) Increase in interest and insurance proportionate to increase in value of wheat and manufactured products .. .. .	0	1	10	
(e.) Increase in price of coal, oil, belting, twine, silks, repairs, and renewals (estimated).. .. .	0	3	0	
	£2	10	0	

“(5.) These increases would justify the following prices: Flour, £18 per ton; bran, £6 per ton; pollard, £8 per ton: and would give the miller a return per ton of manufactured product—

	£	s.	d.	
2,000 lb. of flour .. .. .	18	0	0	
500 lb. bran at £6 per ton .. .. .	1	10	0	
300 lb. pollard at £8 per ton .. .. .	1	4	0	
	20	14	0	
Less 2½ per cent. discount .. .. .	0	10	9	
	£20	3	9	

“(6.) To put the millers on the same footing as last year a ton of manufactured product should realize £17 11s. (last year's return), plus £2 10s. (increase cost): total, £20 1s.; so in the suggested prices the miller would be 2s. 9d. per ton better off.

“(7.) In the North Island the above prices would be increased by the cost of transit, approximately £1 per ton.

“(8.) A rise of £1 5s. per ton of flour justifies the bakers in increasing the price of the 4 lb. loaf by ½d. Therefore a rise of £2 10s. will increase the present bread-prices throughout New Zealand by 1d. The bread-prices at present range from 10d. to 1s., according to locality, and in the main centres are as follows: Auckland, 11d.; Wellington, 11d.; Christchurch, 10d.; Dunedin, 10d.

“(9.) If as a matter of policy it is held to be undesirable to allow bread-prices to increase, then in the opinion of the Board the best plan to adopt is to subsidize the miller. As New Zealand uses